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| EXAMINER |
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CHANDLER, SARA M

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| ART UNIT | PAPER NUMBER |
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3693

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02/24/2009

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

PATDOCTC@fr.com

|                              |                        |                     |  |
|------------------------------|------------------------|---------------------|--|
| <b>Office Action Summary</b> | <b>Application No.</b> | <b>Applicant(s)</b> |  |
|                              | 10/040,912             | MALITZIS, JOHN F.   |  |
|                              | <b>Examiner</b>        | <b>Art Unit</b>     |  |
|                              | SARA CHANDLER          | 3693                |  |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 11/19/08.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 1-14 and 17-19 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-14 and 17-19 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

**DETAILED ACTION**

***Response to Amendment***

In view of the appeal brief filed on 11/18/08, PROSECUTION IS HEREBY REOPENED. New grounds of rejection are set forth below.

To avoid abandonment of the application, appellant must exercise one of the following two options:

(1) file a reply under 37 CFR 1.111 (if this Office action is non-final) or a reply under 37 CFR 1.113 (if this Office action is final); or,

(2) initiate a new appeal by filing a notice of appeal under 37 CFR 41.31 followed by an appeal brief under 37 CFR 41.37. The previously paid notice of appeal fee and appeal brief fee can be applied to the new appeal. If, however, the appeal fees set forth in 37 CFR 41.20 have been increased since they were previously paid, then appellant must pay the difference between the increased fees and the amount previously paid.

A Supervisory Patent Examiner (SPE) has approved of reopening prosecution by signing below:

/James A. Kramer/  
Supervisory Patent Examiner, Art Unit 3693

This Office Action is responsive to Applicant's Appeal and request for reconsideration of application 10/040,912 (01/07/02) filed on 11/18/08.

### ***Claim Interpretation***

1. In determining patentability of an invention over the prior art, all claim limitations have been considered and interpreted as broadly as their terms reasonably allow.

See MPEP § 2111.

Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Applicant always has the opportunity to amend the claims during prosecution, and broad interpretation by the examiner reduces the possibility that the claim, once issued, will be interpreted more broadly than is justified. *In re Pruter*, 415 F.2d 1393, 1404-05, 162 USPQ 541, 550-51 (CCPA 1969). See MPEP § 2111.

2. All claim limitations have been considered. Additionally, all words in the claims have been considered in judging the patentability of the claims against the prior art. See MPEP 2106 II C. The following language is interpreted as not further limiting the scope of the claimed invention. See MPEP 2106 II C.

Language in a method claim that states only the intended use or intended result, but the expression does not result in a manipulative difference in the steps of the claim. Language in a system claim that states only the intended use or intended result, but does not result in a structural difference between the claimed invention and the prior art. In other words, if the prior art structure is capable of performing the intended use, then it meets the claim.

Claim limitations that contain statement(s) such as “*if, may, might, can could*”, as optional language. As matter of linguistic precision, optional claim elements do not narrow claim limitations, since they can always be omitted.

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Claim limitations that contain statement(s) such as “*wherein, whereby*”, that fail to further define the steps or acts to be performed in method claims or the discrete physical structure required of system claims.

USPTO personnel should begin claim analysis by identifying and evaluating each claim limitation. For processes, the claim limitations will define steps or acts to be performed. For products, the claim limitations will define discrete physical structures or materials. Product claims are claims that are directed to either machines, manufactures or compositions of matter. See MPEP § 2106 II C.

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim:

- (A) statements of intended use or field of use,
- (B) “adapted to” or “adapted for” clauses,
- (C) “wherein” clauses, or
- (D) “whereby” clauses.

See MPEP § 2106 II C.

3. Independent claims are examined together, since they are not patentable distinct. If applicant expressly states on the record that two or more independent and distinct inventions are claimed in a single application, the Examiner may require the applicant to elect an invention to which the claims will be restricted.

### ***Claim Objections***

**Claims 1 and 19** are objected to because of the following informalities:

Re Claim 1 Should "receiving an order to buy or sell a product" be -- receiving a customer order to buy or sell a product --. This may overcome the antecedent basis problem with customer order in claim 2 as well.

Re Claims 1, 7 and 10: "the market participant identification associated the order" should be -- the market participant identification associated with the order --.

Claim 19 is objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. It is a computer program product claim depending from a system claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

Appropriate correction is required.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

**Claims 1, 2-6, 12-14 and 17** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Re Claim 1: Not a proper method (i.e., process) claim.

In order for a method to be considered a "process" under 101, a claimed process must either: (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials). *Diamond v. Diehr*,

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450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *In re Bilski*, 88 USPQ2d 1385, 1391 and 1396 (2008).

Although the method claims recites in the preamble "A computer implemented method ...." and references "a computer" in the body of the claim, these are considered to be nominal recitations of another statutory class. The process steps recited in the body of the claim may be performed by a human operator alone. In other words, the human operator is doing the "receiving", "checking" and "satisfying" not the computer. The data is not manipulated or used by the underlying system for any computation or decision making for example.

Re Claim 12: Software per se.

The claim preamble recites "A computer program product...." Software per se is not patent eligible subject matter and is not one of the four enumerated categories of patent eligible subject matter. Applicant should rewrite the preamble of claim 1 to recite, "A computer readable medium comprising a plurality of computer readable program codes" etc. and indicating that they are executable etc. Each limitation in the body of the claim should be clearly directed towards executable code. Similarly, the dependent claims should recite a "computer readable medium...."

Dependent claims are further rejected based on the same rationale as the claims form which they depend.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

**Claims 7-11, 18 and 19** are rejected under 35 U.S.C. § 112, first paragraph, as being of undue breadth.

Re Claim 7: A "single means" claim, i.e. where a means recitation does not appear in combination with another recited element or means, is subject to an undue breadth rejection under 35 U.S.C. 112, first paragraph. See *In re Hyatt*, 218 USPQ 195, (CAFC 1983) and MPEP 2164.08(a).

The preamble of claim 7 suggests that it is directed to a "A networked computer system" however, the body of the claim only recites one structural means (i.e., "one or more networked computers"). A system claim cannot be comprised entirely of a single means or element.

Dependent claims are rejected under the same rationale as the claims from which they depend.

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

**Claims 1-14 and 17-19** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.



Claims 1,7 and 12 recite the limitations “electronic-based trading” and “product.” Currently the claimed invention is not specific to securities trading and the trading of financial products (e.g., securities). Presently the claimed invention could be electronic trading, electronic auctions, e-shopping and similar electronic markets. Furthermore, the products traded could be any products or services.

Claims 1,2,6,7,8,11,12,13,14 recite the limitation “qualified.” The meaning intended by Applicant is unclear. See MPEP § 2111.

Claims 1, 2,6,7,8,11,13,14 recite the limitations “the best bid or best offer price” or “the best bid or best offer.” There is insufficient antecedent basis for these limitations in the claims.

Claims 1,2,6,7,8,11,13,14 recite the limitations “best bid or best offer price” or “best bid or best offer.” The meaning intended by Applicant for the terms are unclear. See MPEP § 2111.

Claims 1,2,3,6,7,8,11,12,13,14 recite the limitation “priority.” The meaning intended by Applicant for the term is unclear. See MPEP § 2111.

Claim 2 recites the limitation “the customer order.” There is insufficient antecedent basis for this limitation in the claim.

With respect to the “priority” and the “best bid or best offer”, the following in particular is unclear:

Claim 2 recites “matching-off the order without regard to a priority of other quotes in the system”. Since claim 3 depends from claim 2, doesn’t “without regard to priority” already encompass “without regard to time priority.”?

Regarding the “best bid or best offer that is at the opposite side of the market” in claims 2 and 13, is that the same as the best bid or best offer price on the opposite side of the market since other grounds for giving other quotes “priority” (e.g., time) are not considered?

Regarding the “best bid or best offer” in claim 8, is this best bid or best offer a function of price and time on the opposite side of the market since other grounds for giving other quotes “priority” are not considered?

Claims 2,8 and 13 recite the limitation "wherein if a market participant has not qualified the order for avoidance of an internalization execution, the method further comprises:". There is insufficient antecedent basis for this limitation in the claim. In other words, orders that are not qualified have not been previously discussed.

Claims 1,7 and 12 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential elements or omitting essential steps, such omission amounting to a gap between the elements or the steps. See MPEP § 2172.01. The omitted steps are:

A best bid or best offer is achieved after performing a step of prioritizing or ranking based on some condition or conditions (e.g., price). This step is missing from the claimed invention.

How the pool of bids or offers (i.e., serving as the basis for determining the best bid or best offer price) entered the system is unclear. Are they bids or offers obtained from other systems? Are they bids or offers entered in the claimed system. Is the pool national, system specific?

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Applicant is using conditional language but, has not accounted for what happens for all conditions.

How are the orders satisfied? Would the order be satisfied in the same way if the order is qualified and if the order is not qualified? If not, what is the difference? How are the orders matched? Would the order be matched in the same way if the order is qualified and if the order is not qualified? If not, what is the difference? What is the difference between “satisfying” in claim 1 and “matching” in claims 7 and 12.

Dependent claims 2-6, 8-11 and 13-14 are rejected based on the same rationale as the claims from which they depend.

### ***Double Patenting***

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the “right to exclude” granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

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Claims 1-14 and 17-18 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1,3-14 and 16-20 of copending Application No. 09/404,518. Although the conflicting claims are not identical, they are not patentably distinct from each other because both applications are drawn to:

Executing an order in a market system comprising:

receiving an order from a market participant; and

matching-off off the order against the best bid or best offer that is at the opposite side of the market.

Please see the following claim comparison for further guidance.

| Application<br># 10/040,912 | Application<br># 09/404,518 |
|-----------------------------|-----------------------------|
| 1,2                         | 1                           |
| 3                           | 3                           |
| 4,9                         | 4                           |
| 5                           | 5                           |
| 2,6,8,11,13,14,17,18        | 6                           |
| 1,7,12,19                   | 9                           |
| 7,8                         | 11                          |
| 2,6,8,11,13,14,17,18        | 12                          |
| 4,9                         | 13                          |
| 2,6,8,11,13,14              | 14                          |
| 4,9                         | 16                          |

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|                      |    |
|----------------------|----|
| 2,6,8,11,13,14,17,18 | 17 |
| 7,8                  | 18 |
| 4,9                  | 19 |
| 2,6,8,11,13,14,17,18 | 20 |

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

**Claims 1,6,7,11,12,14,17,18 and 19** are rejected under 35 U.S.C. 103(a) as being unpatentable over “Market Fragmentation,” by Hans R. Stoll. Financial Markets Research Center. Policy Paper No. 00-11. Vanderbilt University. April 28, 2000.

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Current Version: September 5, 2000. (Hereinafter, Stoll) in view of Silverman, US Pat. No. 5,136,501.

**Re Claim 1:** Stoll discloses a computer implemented method of processing an order in a electronic-based trading system, the method comprising:

receiving an order to buy or sell a product, the order having a market participant identification for the order (Stoll, pgs. 1-13, particularly pgs. 4-11);

avoidance of an internalization execution for the order in the electronic-based trading system, where internalization execution corresponds to execution of an order if the market participant identification associated with the order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system regardless of the priority of that quote in the system (Stoll, pgs. 1-13, particularly pgs. 4-11); and

avoidance of internalization execution (Stoll, pgs. 1-13, particularly pgs. 4-11).

Stoll fails to explicitly disclose:

checking the order in a computer to determine if a market participant has qualified the order and

and satisfying the order according to whether or not the market participant has qualified the order.

Silverman discloses

checking the order in a computer to determine if a market participant has qualified the order (Silverman, abstract, col. 3, lines 18 – 38) and

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and satisfying the order according to whether or not the market participant has qualified the order (Silverman, abstract, col. 3, lines 18 – 38).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Stoll by adopting the teachings of Silverman to provide checking the order in a computer to determine if a market participant has qualified the order for avoidance of an internalization execution for the order in the electronic-based trading system, where internalization execution corresponds to execution of an order if the market participant identification associated with the order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system regardless of the priority of that quote in the system; and satisfying the order according to whether or not the market participant has qualified the order for avoidance of internalization execution.

One would have been motivated to have been motivated to have flexibility with order execution.

The claimed invention applies a known technique to a known device (method, or product) ready for improvement to yield predictable results. Thus, the claimed subject matter likely would have been obvious under KSR. *KSR*, 127 S.Ct. at 1741, 82 USPQ2d at 1396.

**Re Claim 7:** Stoll discloses a networked computer system for providing an electronic-based market system comprises:

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one or more networked computers to receive orders and match orders against quotes posted in the system on a time priority basis (Stoll, pgs. 1-13, particularly pgs. 4-11);

checks if a market participant identification associated with a received order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system (Stoll, pgs. 1-13, particularly pgs. 4-11); and

avoidance of the internalization execution for the order in the market system where internalization execution corresponds to execution of an order where the market participant identification associated with the order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system regardless of the priority of that quote in the system (Stoll, pgs. 1-13, particularly pgs. 4-11);

avoidance of the internalization execution (Stoll, pgs. 1-13, particularly pgs. 4-11).

Stoll fails to explicitly disclose:

checks if the market participant has qualified the order; and

and match the order with quotes in the system according to whether the order is qualified .

Silverman discloses:

checks if the market participant has qualified the order (Silverman, abstract, col. 3, lines 18 – 38); and



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and match the order with quotes in the system according to whether the order is qualified (Silverman, abstract, col. 3, lines 18 – 38) .

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Stoll by adopting the teachings of Silverman to provide checks if the market participant has qualified the order for avoidance of the internalization execution for the order in the market system where internalization execution corresponds to execution of an order where the market participant identification associated with the order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system regardless of the priority of that quote in the system; and and match the order with quotes in the system according to whether the order is qualified for avoidance of the internalization execution.

One would have been motivated to have been motivated to have flexibility with order execution.

The claimed invention applies a known technique to a known device (method, or product) ready for improvement to yield predictable results. Thus, the claimed subject matter likely would have been obvious under KSR. *KSR*, 127 S.Ct. at 1741, 82 USPQ2d at 1396.

**Re Claim 12:** Stoll discloses a computer program product residing on a computer readable medium for operating an electronic based trading system comprises instructions for causing a computer to:

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receive a customer order from a market participant's customer; and for the order (Stoll, pgs. 1-13, particularly pgs. 4-11),

check if a market participant has qualified the order for avoidance of an internalization execution in the electronic based trading system where internalization execution corresponds to execution of an order if the market participant identification representing a quote in the system that is at the best bid or best offer price in the system regardless of the priority of that quote in the system (Stoll, pgs. 1-13, particularly pgs. 4-11);

match the order according to whether or not the market participant has qualified the order for avoidance of internalization execution (Stoll, pgs. 1-13, particularly pgs. 4-11).

Stoll fails to explicitly disclose:

check if a market participant has qualified the order; and

match the order according to whether or not the market participant has qualified the order.

Silverman discloses:

check if a market participant has qualified the order (Silverman, abstract, col. 3, lines 18 – 38); and

match the order according to whether or not the market participant has qualified the order (Silverman, abstract, col. 3, lines 18 – 38).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Stoll by adopting the teachings Silverman to provide check if a market participant has qualified the order for avoidance of an internalization execution in the electronic based trading system where internalization execution corresponds to execution of an order if the market participant identification representing a quote in the system that is at the best bid or best offer price in the system regardless of the priority of that quote in the system; and match the order according to whether or not the market participant has qualified the order for avoidance of internalization execution.

One would have been motivated to have been motivated to have flexibility with order execution.

The claimed invention applies a known technique to a known device (method, or product) ready for improvement to yield predictable results. Thus, the claimed subject matter likely would have been obvious under KSR. *KSR*, 127 S.Ct. at 1741, 82 USPQ2d at 1396.

**Re Claims 6, 11 and 14:** Stoll in view of Silverman discloses the claimed invention supra and Silverman further discloses wherein if a market participant has qualified the order for avoidance of an internalization execution, the method further comprises: matching the order to a order of a market participant that has the one of the best bid or best offer that is at the opposite side of a market for the product (Silverman, abstract,

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col. 1, lines 18-26, col. 3, line 18+ - col. 4, line 26; col. 6, lines 22-65; col. 8, line 65+ - col. 9, line 45; col. 17, lines 19 - 58).

**Re Claim 17,18 and 19:** Stoll in view of Silverman discloses the claimed invention supra and Silverman further discloses wherein matching the order occurs based on a priority specified by the order (Silverman, abstract, col. 1, lines 18-26, col. 3, line 18+ - col. 4, line 26; col. 6, lines 22-65; col. 8, line 65+ - col. 9, line 45; col. 12, lines 19-48; col. 17, lines 19 – 58; col. 18, line 10+ - col. 19, line 31; col. 20, lines 1-43).

**Claim 2,3,8 and 13** are rejected under 35 U.S.C. 103(a) as being unpatentable over Stoll and Silverman as applied to claim above, and further in view of Keith, US Pat. No. 7,472,087.

**Re Claim 2,8 and 13 :** Stoll in view of Silverman discloses the claimed invention supra and Silverman further discloses wherein if a market participant has not qualified the order for avoidance of an internalization execution:

checking if a market participant identification associated with the -order matches a market participant identification representing a quote in the electronic-based trading system which is at the best bid or best offer price in the electronic-based trading system; and if there is a match (Silverman, abstract, col. 1, lines 18-26, col. 3, line 18+ - col. 4, line 26; col. 6, lines 22-65; col. 8, line 65+ - col. 9, line 45; col. 17, lines 19 - 58),

Keith discloses:

matching off the order against the quote of the matching market participant without regard to a priority of other quotes in the electronic-based trading system, against the

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one of the best bid or best offer that is at the opposite side of a market for a product specified by the order (Keith, col. 4, lines 28 - 37).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Stoll in view of Silverman to provide matching off the order against the quote of the matching market participant without regard to a priority of other quotes in the electronic-based trading system, against the one of the best bid or best offer that is at the opposite side of a market for a product specified by the order.

One would have been motivated to have been motivated to have flexibility with order execution.

The claimed invention applies a known technique to a known device (method, or product) ready for improvement to yield predictable results. Thus, the claimed subject matter likely would have been obvious under KSR. *KSR*, 127 S.Ct. at 1741, 82 USPQ2d at 1396.

**Re Claim 3:** Stoll in view of Silverman and Keith discloses the claimed invention supra and Keith further discloses wherein the priority is price-time and the method further comprises:

matching-off the order without regard to a time priority of other quotes in the electronic-based trading system (Keith, col. 4, lines 28 - 37).

**Claims 4, 5,9 and 10** are rejected under 35 U.S.C. 103(a) as being unpatentable over Stoll in view of Silverman and Keith as applied to claims 2 and 8 above, and further in view of Gary, US Pat. No. 6,618,707.

**Re Claim 4 and 9:** Stoll in view of Silverman and Keith discloses the claimed invention *supra* but fails to explicitly disclose calling a cancel request to cancel a quote at the side of the market in which a matched off order will be executed.

Gary discloses:

calling a cancel request to cancel a quote at the side of the market in which a matched off order will be executed (Gary, col. 10, lines 40-58).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Stoll, Silverman and Keith by adopting the teachings of Gary to provide calling a cancel request to cancel a quote at the side of the market in which a matched off order will be executed.

One would have been motivated to have some control over the price at which the trade can be executed.

The claimed invention applies a known technique to a known device (method, or product) ready for improvement to yield predictable results. Thus, the claimed subject matter likely would have been obvious under KSR. *KSR*, 127 S.Ct. at 1741, 82 USPQ2d at 1396.

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**Re Claims 5 and 10:** Stoll in view of Silverman and Keith discloses the claimed invention supra but fails to explicitly disclose calling a cancel request prior to matching off the order to cancel a quote at the side of the market at which an matched off order will be executed.

Gary discloses:

calling a cancel request prior to matching off the order to cancel a quote at the side of the market at which an matched off order will be executed (Gary, col. 10, lines 40-58).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Stoll, Silverman and Keith by adopting the teachings of Gary to provide calling a cancel request prior to matching off the order to cancel a quote at the side of the market at which an matched off order will be executed.

One would have been motivated to have some control over the price at which the trade can be executed.

The claimed invention applies a known technique to a known device (method, or product) ready for improvement to yield predictable results. Thus, the claimed subject matter likely would have been obvious under KSR. *KSR*, 127 S.Ct. at 1741, 82

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

**Claims 1-14 and 17-19** are rejected under 35 U.S.C. 102(e) as being anticipated by Serkin, US Pub. No. 2002/0161687.

The applied reference has a common assignee and a common inventor with the instant application. Based upon the earlier effective U.S. filing date of the reference, it constitutes prior art under 35 U.S.C. 102(e). This rejection under 35 U.S.C. 102(e) might be overcome either by a showing under 37 CFR 1.132 that any invention disclosed but not claimed in the reference was derived from the inventor of this application and is thus not the invention “by another,” or by an appropriate showing under 37 CFR 1.131.

**Re Claims 1-6 and 17:** Serkin discloses a computer implemented method of processing an order in a electronic-based trading system, the method comprising: receiving an order to buy or sell a product, the order having a market participant identification for the order (Serkin, Figs. 1-9; abstract; [0001] – [0090]); checking the order in a computer to determine if a market participant has qualified the order for avoidance of an internalization execution for the order in the electronic-based



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trading system, where internalization execution corresponds to execution of an order if the market participant identification associated with the order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system regardless of the priority of that quote in the system (Serkin, Figs. 1-9; abstract; [0001] – [0090]);

and satisfying the order according to whether or not the market participant has qualified the order for avoidance of internalization execution (Serkin, Figs. 1-9; abstract; [0001] – [0090]).

**Re Claims 7-11 and 18:** Serkin discloses a networked computer system for providing an electronic-based market system comprises:

one or more networked computers to receive orders and match orders against quotes posted in the system on a time priority basis (Serkin, Figs. 1-9; abstract; [0001] – [0090]);

checks if a market participant identification associated with a received order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system (Serkin, Figs. 1-9; abstract; [0001] – [0090]); and

ckecks if the market participant has qualified the order for avoidance of the internalization execution for the order in the market system where internalization execution corresponds to execution of an order where the market participant identification associated with the order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the

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system regardless of the priority of that quote in the system (Serkin, Figs. 1-9; abstract; [0001] – [0090]); and

match the order with quotes in the system according to whether the order is qualified for avoidance of the internalization execution (Serkin, Figs. 1-9; abstract; [0001] – [0090]).

**Re Claims 12-14 and 19:** Serkin discloses a computer program product residing on a computer readable medium for operating an electronic based trading system comprises instructions for causing a computer to:

receive a customer order from a market participant's customer; and for the order (Serkin, Figs. 1-9; abstract; [0001] – [0090]),

check if a market participant has qualified the order for avoidance of an internalization execution in the electronic based trading system where internalization execution corresponds to execution of an order if the market participant identification representing a quote in the system that is at the best bid or best offer price in the system regardless of the priority of that quote in the system (Serkin, Figs. 1-9; abstract; [0001] – [0090]);

match the order according to whether or not the market participant has qualified the order for avoidance of internalization execution (Serkin, Figs. 1-9; abstract; [0001] – [0090]).

### ***Response to Arguments***

Applicant's arguments have been considered but are moot in view of the new ground(s) of rejection.

***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to SARA CHANDLER whose telephone number is (571)272-1186. The examiner can normally be reached on 8-4:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/  
Supervisory Patent Examiner, Art Unit 3693

SMC